

*Board of Trustees Meeting*

**Thursday, June 5, 2003, 8:00 a.m.**

Daniels Summit Lodge, Grizzly Room, Heber City

A G E N D A

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8:00	Call to Order	Dan McConkie
	Review of Board Members Absent	Dan McConkie
	Approval of May Minutes	Dan McConkie
	UAC Service Fees Proposal	Kay Blackwell
	New Business Name	Lester Nixon
	Approval of Employee Policy	Lester Nixon
	Approval of Purchasing Policy	Lester Nixon
	Approval of Revised Joint Policy Statement	Lester Nixon
	Audit Committee Report	Lynn Lemon
	Work Area Remodel Options	Lester Nixon
	Personnel Committee Report	Steve Baker
	Director's Report	Lester Nixon
	Update on Local Health Departments	
	Ratification/Approval of Payments	Gene Roundy
	Set Date and Time for Closed Meeting	
	to Discuss Character, Professional Competence, Physical/Mental Health of an Individual	
	Other Business	
9:00	Adjourn to Board Retreat	
	Meeting to be Reconvened at 11:00 a.m. Friday, June 6	



## UACIM BOARD of TRUSTEES MEETING

### MINUTES

June 5, 2003, 8:00 a.m.  
Daniels Summit Lodge, Heber City, Utah

#### BOARD MEMBERS PRESENT

Dan McConkie, *President*, Davis County Commissioner  
Lynn Lemon, *Vice President*, Cache County Executive  
Gene Roundy, *Secretary-Treasurer*, Iron County Commissioner  
Steve Baker, Davis County Personnel Director  
Kay Blackwell, Piute County Commissioner  
Jim Eardley, Washington County Commissioner  
Ed Phillips, Millard County Sheriff  
Kent Sundberg, Utah County Deputy Attorney  
Steve Wall, Sevier County Clerk-Auditor

#### BOARD MEMBERS ABSENT

Ken Bischoff, Weber County Commissioner  
LaVar Cox, Millard County Commissioner  
Brent Gardner, Utah Association of Counties Executive Director  
Jerry Grover, Utah County Commissioner

#### OTHERS PRESENT

Lester Nixon, Director  
Sonya White, Administrative Assistant  
Korby Siggard, VeriClaim, Inc., Claims Manager

#### CALL to ORDER

Dan McConkie called the meeting to order at 8:00 a.m. and welcomed those in attendance.

#### REVIEW of BOARD MEMBERS ABSENT

Dan McConkie explained that LaVar Cox has resigned as Millard County Commissioner because of health problems of both he and his wife. Jerry Grover is in Italy and has requested to be excused from this meeting. The Utah Association of Counties Board of Directors does not want Brent Gardner to serve on this Board. Ken Bischoff did not request to be excused from this meeting but Dan explained that Ken has been ill. Steve Wall made a motion to excuse all Board members absent from this meeting. Ed Phillips seconded the motion, which passed unanimously.

#### APPROVAL of MINUTES

The minutes of the Board of Trustees meeting held, May 7, 2003 were previously sent to the Board for review. Steve Wall recommended the following changes/corrections: 1) DIRECTOR'S REPORT—Special Districts Receiving Mineral Lease Funding, page six, *Sevier County's District funded with mineral lease monies contracts outside of county projects and therefore would may not be covered*; and 2) DIRECTOR'S REPORT—Health Departments, page six, *Lester explained that HB241 passed during the 2002 legislative session and became becomes effective July 1, 2003*. Kent Sundberg explained that he was in California, not Florida, page one, REVIEW of BOARD MEMBERS ABSENT. Jim Eardley made a motion to approve the May 7 minutes as corrected. Ed Phillips seconded the motion, which passed unanimously.





#### UAC SERVICE FEES PROPOSAL

Lester Nixon recommended to the Board that this agenda item be discussed when the Board reconvenes on June 6. Dan McConkie allowed the UAC Service Fees Proposal item to be tabled.

#### NEW BUSINESS NAME

Lester Nixon recommended to the Board that this agenda item be discussed when the Board reconvenes on June 6. Dan McConkie allowed the New Business Name to be tabled.

#### APPROVAL of EMPLOYEE POLICY

Lester Nixon reported that neither he nor Mark Brady received any comments from the Board since the draft employee policy was reviewed and received by the Board at its May 7 meeting. Steve Baker explained that he has comments to make and Kent Sundberg requested that the policy be discussed when the board reconvenes on June 6 so that he has time to review it. Dan McConkie allowed the Employee Policy to be tabled.

#### APPROVAL of PURCHASING POLICY

Lester Nixon reported that neither he nor Mark Brady received any comments from the Board since the draft purchasing policy was reviewed and received by the Board at its May 7 meeting. The Mutual's intent is to adopt the standard policy provided by the State Auditor's Office. Jim Eardley made a motion to approve the Purchasing Policy as presented. Gene Roundy seconded the motion, which passed unanimously.

#### APPROVAL of REVISED JOINT POLICY STATEMENT

Pursuant to the Board's direction, at its May 7 meeting, Lester Nixon reviewed the proposed amended Joint Policy—Insurance Coverage for Special Service Districts, Children's Justice Centers, and Other Entities (see attachment #1) with the Board. The following language was inserted as number two: *With regard to special service districts created for the purpose of passing through mineral lease payments received by the State under the Mineral Lands Leasing Act (30 U.S.C., Section 191), and allocated to the county, individual counties that have created these special service districts may insure such districts through the Mutual provided the following conditions are met: a. The purpose of the special service district is to serve as a financial conveyance for the aforementioned mineral lease payments, and b. Funds conveyed through the special service district are expenses of the special district and are made by an operating department of the county, usually the road department, with oversight exercised by the governing body of the member county.* This proposed amendment was sent to all insurance coordinators asking to contact Lester with any concerns and/or suggestions—no one contacted Lester. The Board discussed the different ways counties had set-up these districts to receive mineral lease payments, but agreed that the added language gives sufficient oversight to the county governing body for the Mutual to cover those districts that provide legitimate county functions. Gene Roundy made a motion to approve the amended Joint Policy—Insurance Coverage for Special Service Districts, Children's Justice Centers, and Other Entities as presented. Lynn Lemon seconded the motion, which passed unanimously.

#### AUDIT COMMITTEE REPORT

Lynn Lemon reported that the final written audit was received from Larson & Company but recommended that this agenda item be discussed when the Board reconvenes on June 6. Dan McConkie allowed the Audit Committee Report to be tabled.

#### WORK AREA REMODEL OPTIONS

Lester Nixon recommended to the Board that this agenda item be discussed when the Board reconvenes on June 6. Dan McConkie allowed the Work Area Remodel Options to be tabled.

#### PERSONNEL COMMITTEE REPORT

Steve Baker reviewed the evaluation results from the Personnel Workshop with the Board (see attachment #2). The overall impression of the Workshop was excellent. Attendance was down from last year so the Committee will work on topics that will increase attendance and Lester Nixon is researching certification for continuing legal education to draw attorneys to the Workshop. The 2004 Workshop will be held either the first or second Thursday and Friday of May.



## DIRECTOR'S REPORT

**Update on Local Health Departments.** Lester Nixon explained that he and John Chino met with the Mutual's reinsurers and potential reinsurers during the PRIMA conference. They are willing to cover the local health departments (LHDs) for the Mutual. A copy of the services brochure from Utah County, loss history and premium history was provided to the reinsurers. Staff has sent an underwriting questionnaire to the LHDs and has received several responses back. Exposure information will be compiled and contributions will be rated per the approved 2003 formula. The State Risk Manager is convinced that the counties are now responsible to provide coverage to the LHDs.

## RATIFICATION/APPROVAL of PAYMENTS

Gene Roundy reviewed the listing of payments to be ratified and paid by the Board (see attachment #3). No payments were questioned, therefore, Gene Roundy made a motion to ratify payments made between May 8 and May 26 and approved payments to be made June 5 as listed. Lynn Lemon seconded the motion, which passed unanimously.

## OTHER BUSINESS

Dan McConkie explained that LaVar Cox has resigned as Commissioner of Millard County. LaVar suggested that the Board appoint Ty Lewis, San Juan County Commissioner, to fill his unexpired term. The Board took this request into consideration but decided that the same procedure should be followed when Tex Olsen retired, to advertise to the member counties that the Board will be appointing someone to fill the unexpired, at-large, term of LaVar Cox. Staff has already been directed to send out a notice asking for interested parties to send a written request to the Board. The Board will not personally interview. The Board will appoint someone at its next meeting.

Lynn Lemon made a motion to set the date and time for a closed meeting, to discuss pending or reasonably imminent litigation, for June 5, 2003 at 8:55 a.m. Kay Blackwell seconded the motion, which passed unanimously.

Lynn Lemon made a motion to conclude the closed meeting, to discuss pending or reasonably imminent litigation, for June 5, 2003 at 9:05 a.m. Steve Wall seconded the motion, which passed unanimously.

Ed Phillips made a motion authorizing an amount of \$225,000 to settle the matter of EME03088100. Gene Roundy seconded the motion, which passed unanimously.

Dan McConkie adjourned the meeting at 9:10 a.m.

Dan McConkie reconvened the Board at 10:40 a.m. on June 6, 2003. Ken Bischoff, Weber County Commissioner, was in attendance when the Board reconvened.

## APPROVAL of EMPLOYEE POLICY

The approval of the employee policy was deferred until the July Board of Trustees meeting so that members have additional time to review the draft policy.

## AUDIT COMMITTEE REPORT

Lynn Lemon reviewed the Financial Statements and Independent Auditors' Report for December 31, 2002 with the Board (see attachment #4). Under new filing requirements (GASB 34), Lester Nixon has written the Management's Discussion and Analysis, pages 3-7, providing an assessment of the financial position, results of operations and cash flow and liquidity for the fiscal year ended December 31, 2002, of the Mutual. Page 10 shows a receivable of \$124,586 which is the monies the Utah Association of Counties will be returning as of 2001. Investment income is down \$200,266 from last year. The difference in Premiums and Premiums collected (next page not numbered) is the premiums paid in advance. The actuary will explain Page 13, Reserves for Losses and Loss Adjustment Expenses, during his presentation to the Board at its July meeting. Page 15 explains that the State Insurance Department released the restricted funds on July 1, 2002 when SB48 became effective. Page 16 notes the purchase of reinsurance excess of the Mutual's self-insured retention amounts. Page 18 budget to actual amounts show a variance totaling \$452,836. The Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based Upon the Audit Performed in Accordance with Government Auditing Standards found no material weaknesses or internal control misstatements. Lynn Lemon made a motion to approve the 2002 Audit as compiled. Jim Eardley seconded the motion, which passed unanimously.



### NEW BUSINESS NAME

Dan McConkie, Ed Phillips, Kay Blackwell, Lynn Lemon all voiced support in changing the name of the Utah Association of Counties Insurance Mutual as requested by the Utah Association of Counties Board of Directors. When this request was initially presented to the Mutual Board, several members resisted a name change because they felt the Mutual should not have to change all its legal documents. Dan McConkie suggested that Mutual change to a DBA (doing business as) so that the legal documents will not have to be changed. Kent Sundberg said he supports changing the name and the legal documents. The Board discussed several name options. Steve Wall made a motion to change the name of Utah Association of Counties Insurance Mutual to Utah Counties Insurance Pool (UCIP). Jim Eardley seconded the motion, which passed unanimously. Dan McConkie directed staff to develop a new logo, pin and made the Board aware that this change will cost money.

### UAC SERVICE FEES PROPOSAL

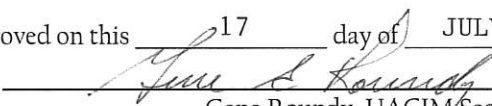
Dan McConkie reported that the Officers of the Mutual and the UAC Executive Committee met on July 3 to discuss the services and fees proposed to the Mutual by the Utah Association of Counties (UAC). There are five issues to be settled. 1) Use of name; 2) Lobbying; 3) Exclusivity; 4) Scheduling; and 5) Board seat. UAC has proposed a 3% of premium fee for issues 1, 2, and 3, which would be approximately \$117,000 based on the 2003 premium contributions. 1) The Board has decided to change the name to Utah Counties Insurance Pool. 2) The Board decided that Lester Nixon and Mark Brady would lobby on behalf of the Mutual but that the Mutual will pay a fee, up to \$10,000, for tracking services and cooperation from UAC staff (Brent Gardner and Mark Walsh) in introducing Mutual staff at the Capitol and support efforts for legislation that might affect the Mutual. 3) The Board agreed to be a major contributor of UAC events and possibly split the cost of the Newly Elected Officials Workshop so that the Mutual has an opportunity to orient new officials. 4) The Board believes that Lester and Brent can work together on scheduling issues that will benefit both organizations. 5) The UAC Board does not want a staff member to sit on the Mutual Board. The Mutual Board agreed to change the structure of the Board from 13 to 12 members. Steve Baker made a motion to remove 5.1(k) *One Trustee shall be the Executive Director of the Utah Association of Counties* from the Bylaws for membership approval. Kent Sundberg seconded the motion, which passed unanimously. Dan will present these Mutual Board decisions to the UAC Board on June 12 and reiterate the importance of attitude, cooperation and a good relationship between the two organizations that serve the same officials and counties. The Board also directed staff to secure the minutes of these meetings until the Board approves them.

### WORK AREA REMODEL OPTIONS

Lester Nixon requested direction from the Board as to how they want him to proceed with an office for Sonya White. Brent Gardner stated at the March 2003 meeting that he would provide the name and phone number of the person who drew the plans for the building to Lester so he could bring some options to the Board but the name has not yet been provided. Also, the Board may want to consider building out the basement if three new employees will need to be hired next year for the workers comp pool. Steve Baker asked if UAC was in favor of remodeling the basement and questioned whether the Mutual should move out of the building. Steve Wall said that Brent has talked about a basement build-out to accommodate employees UAC may be hiring. Kay Blackwell made a motion directing Lester to pursue the work area remodel for an office for Sonya White (approximately \$6,000) as part of the Building Agreement and research the cost of building out the basement for review by the Board. Ken Bischoff seconded the motion, which carried, 9-1, Steve Baker opposed.

Jim Eardley made a motion to adjourn this meeting at 11:55 a.m. on June 6, 2003. Ed Phillips seconded the motion, which passed unanimously.

Respectfully submitted by Sonya White, Administrative Assistant

Approved on this 17 day of JULY 2003  
  
Gene Roundy, UACIM Secretary-Treasurer



**Subject: Notice of Public Meeting**

**Date:** Mon, 02 Jun 2003 09:27:16 -0600

**From:** Sonya White <sonya@uacim.org>

**To:** Salt Lake Tribune <editor@sltrib.com>

Utah Association of Counties Insurance Mutual  
Board of Trustees Meeting  
Thursday, June 5, 2003, 8:00 a.m.  
Daniels Summit Lodge, Grizzly Room, Heber City

AGENDA

Call to Order, Dan McConkie  
Review of Board Members Absent, Dan McConkie  
Approval of May Minutes, Dan McConkie  
UAC Service Fees Proposal, Kay Blackwell  
New Business Name, Lester Nixon  
Approval of Employee Policy, Lester Nixon  
Approval of Purchasing Policy, Lester Nixon  
Approval of Revised Joint Policy Statement,  
Lester Nixon  
Audit Committee Report, Lynn Lemon  
Work Area Remodel Options, Lester Nixon  
Personnel Committee Report, Steve Baker  
Director's Report Update on Local Health  
Departments, Lester Nixon  
Ratification/Approval of Payments, Gene Roundy  
Set Date and Time for Closed Meeting to Discuss  
Character, Professional Competence,  
Physical/Mental Health of an Individual  
Other Business  
Adjourn to Board Retreat Meeting to be Reconvened  
at 11:00 a.m. Friday, June 6





**JOINT POLICY  
INSURANCE COVERAGE FOR SPECIAL SERVICE DISTRICTS, CHILDREN'S JUSTICE  
CENTERS, AND OTHER ENTITIES**

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A Utah Association of Counties Insurance Mutual (hereinafter referred to as UACIM) member county may obtain insurance coverage through UACIM for entities, other than Children's Justice Centers, affiliated with the member county pursuant to the following:

1. With regard to entities such as special service districts and other political subdivisions, the member county must have the following controls over the entity through the member county's governing body:
  - a. The governing body of the member county must approve and/or appoint 50% or more of the governing body of the entity, and
  - b. The governing body of the member county must provide 50% or more of the funding of the entity, and
  - c. The governing body of the member county must have the authority to hire and terminate the employees of the entity.
2. With regard to special service districts created for the purpose of passing through Mineral Lease Payments received by the State under the Mineral Lands Leasing Act (30 U.S.C., Section 191), and allocated to the county, individual counties that have created these special service districts may insure such districts through the Mutual provided the following conditions are met:
  - a. The purpose of the special service district is to serve as a financial conveyance for the aforementioned mineral lease payments, and
  - b. Funds conveyed through the special service district are expenses of the special district and are made by an operating department of the County, usually the Road Department, with oversight exercised by the County Commission.
3. A UACIM member county may obtain Liability Insurance Coverage as provided in the UACIM Coverage Agreement for Children's Justice Center Local Advisory Board Members who do not serve due to public office upon the following conditions:
  - a. The Children's Justice Center is established under Chapter 5b of Title 67 of the Utah Code;
  - b. The County is the contracting public agency under 67-5b-104(e) of the Utah Code;
  - c. The Children's Justice Center Local Advisory Board member does not serve due to public office as provided for in 67-5b-105(1)(b) through (e);

Insurance Coverage—Special Service Districts, Children Justice Centers, Other Entities  
Page 2

- d. The Children's Justice Center Bylaws authorize the member county to remove any board member who does not serve due to public office as provided for in 67-5b-105(1)(b) through (e) at any time and for any reason; and
- e. The member county has provided UACIM a copy of the duly adopted bylaws with the language specified in subsection 2(d), and UACIM has acknowledged receipt of the bylaws.

Notwithstanding subsection 2(c), county elected officials serving on the Children's Justice Center Local Advisory Board in their capacity as elected officials shall be covered under the member county's UACIM liability insurance policy to the same extent as when conducting county business. County employees serving in their capacity as employees shall be covered to the extent provided in the UACIM Coverage Agreement.

- 4. Insurance coverage through UACIM may be obtained for non-profit corporations (those exempt from taxation under Internal Revenue Code 26 U.S.C. 501), municipalities, or other political subdivisions, that contract to provide services to the member county, subject to the following criteria being met:
  - a. The contract is for the benefit of, and is executed under the authority of the member county, and
  - b. The member county is legally authorized to provide the service, function or facility which is the subject matter of the contract, and
  - c. The member county is obligated by the contract to provide insurance coverage to the other party to the contract, and
  - d. A copy of the contract has been provided to the UACIM.

**UTAH ASSOCIATION OF  
COUNTIES INSURANCE MUTUAL**

Financial Statements  
and  
Independent Auditors' Report

December 31, 2002 and 2001



# UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

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# **UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL**

## **Management's Discussion and Analysis**

December 31, 2002

### **COMPANY BACKGROUND**

Utah Association of Counties Insurance Mutual (the Mutual), was incorporated in December 1991 as a non-profit public agency insurance mutual under the mutual insurance statutes of the State of Utah as a self-insurance program to cover property and liability claims for counties who are members of the Mutual. All of the Mutual's business activities are conducted in the State of Utah.

Prior to January 1, 2003, the Mutual was a sponsored program of the Utah Association of Counties, which was the Administrator of the Mutual. The Bylaws and the Interlocal Cooperation Agreement of the Mutual both reflected this arrangement. After January 1, 2003, the status of the Mutual will change and it will no longer be administered by the Utah Association of Counties.

### **2002 Environment**

Insurance and reinsurance rates continued to harden in 2002, extending the trend that started before September 11, 2001, but which was exacerbated by the terrorist attack. The Mutual's fortunes are not entirely tied to the insurance marketplace, but the continuation of the hard market and resultant price pressures caused some design changes within the Mutual's program provisions, retentions, and excess or reinsurance purchases. The intent is to moderate the adverse effects of the insurance market cycle for the benefit of members.

### **Basic Financial Statements**

The basic financial statements are designed to provide readers with a broad overview of the Mutual's finances, in a manner similar to private-sector business.

The statements of net assets present information on all of the Mutual's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Mutual is improving or deteriorating. Net assets increase when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net assets, which indicates an improved financial position.

The statements of revenues and expenses and changes in net assets present information showing how an agency's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of timing of related cash flows. The revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.





# **UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL**

## **Management's Discussion and Analysis**

December 31, 2002

### **Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The following discussion of the current financial position and condition of the Mutual by management is intended to supplement the basic financial statements and notes to basic financial statements.

### **FINANCIAL POSITION**

#### **Assets**

Total assets at the end of 2002 were \$10,178,850.

The Mutual maintains a conservative investment policy. As a public entity, the Mutual must adhere to the Utah Money Management Act; therefore, all investments are exclusively in Utah Public Treasurer's Investment Fund, which has the lowest risk on any securities offered. All securities must be issued to the Mutual and held in our safe keeping account. Securities may not be held in brokerage accounts for any public agency governed by the Utah Money Management Act. The Mutual does not invest in common stocks or mortgages.

Short-term investments are on deposit with the Utah Public Treasurer's Investment Fund and are available on a daily basis to meet claims and expenses.

Premium income has historically covered the Mutual's needs for cash to pay claims and expenses. Management expects the positive cash flow to continue.

#### **Liabilities**

Aggregate reserves for losses and loss adjustment expenses are \$3,286,483, a decrease over last year of \$30,177. The reserves, according to our actuary, are reasonably conservative. Administrative expenses overall increased to provide for resources needed to process claims and provide administrative services.



# **UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL**

## **Management's Discussion and Analysis**

December 31, 2002

### **Net Assets**

Net assets at December 31, 2002 have increased to \$6,275,342 as compared to \$5,693,351 at the end of 2001.

The Mutual has purchased specific and aggregate reinsurance coverage. The agreements provide for liability insurance in excess of a \$250,000 self-insured retention and property and crime insurance in excess of a \$150,000 self-insured retention up to an aggregate loss limit. The Mutual has purchased reinsurance to protect against losses above these limits.

### **RESULTS OF OPERATIONS**

#### **Revenues**

Revenue of approximately \$3.9 million in 2002 increased \$210,794 from primarily because of an increase in premium and a reimbursement from the Utah Association of Counties.

#### **Benefits and Expenses**

Expenses increased \$872,994 in 2002 primarily due to an increase of \$592,640 in loss and loss adjustment expenses and 229,513 in reinsurance expense.

#### **Investments**

The Mutual invests exclusively in the Public Treasurers' Investment Fund. Because the Federal Reserve lowered their rates so drastically during 2002, our rate of return decreased dramatically as well. The total investment income the year ended 2002 was \$231,873.

#### **Change in Net Assets**

Change in net assets for 2002 was \$581,991, a decrease over change in net assets for 2001 of \$1,244,191. The decrease was mainly due to the increase in loss and loss adjustment expenses and the decrease in investment income mentioned above.

Claims are expected to continue to grow in line with the risk associated with the liability business. Increased risk management efforts can offset increase in claims, but the occasional adverse year can and will occur.



# **UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL**

## **Management's Discussion and Analysis**

December 31, 2002

### **CASH FLOW AND LIQUIDITY**

#### **Liquidity**

All of the Mutual's assets are invested in a political subdivision of the State of Utah, in the Utah Public Treasurer's Fund. All investments are reviewed quarterly by the State Auditor's Office. All assets are readily available to meet our foreseeable business needs.

Currently the market value of our portfolio is \$10,050,290 as reported in the accompanying basic financial statements.

#### **Cash Flow**

The Mutual's primary sources of funds are premium income and investment income. The primary uses of funds are claims and general expenses.

There are no known demands for cash that will likely cause material changes in the cash flow pattern.

#### **Capital Expenditures**

There were no capital expenditures in 2002.

#### **Expected Trends**

The budget for the year 2003 has been approved by the Board of Directors and reflects no change in net assets. Total income is budgeted at 6% over 2002 total income. Total benefits and expenses are budgeted at 48% over 2002 total benefits and expenses.

#### **Board Policies and Management Practices**

The Board of Directors of the Mutual currently requires that audits, conducted by independent outside firms, be performed on an annual basis. The 2002 audit schedule included two actuarial loss reserve analyses and a financial audit.



# UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

Management's Discussion and Analysis

December 31, 2002

## Opinion

The preceding Management's Discussion and Analysis provides an assessment of the financial position, results of operations, and cash flow and liquidity for the fiscal year ended December 31, 2002, as reported in the 2002 Annual Report. Representations made herein are those of management according to the best of their knowledge and belief.

This financial report is designed to provide a general overview of the Mutual's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Mutual Director, UAC Insurance Mutual, 5397 South Vine, Murray, UT 84107.

Dated: April 9, 2003

/s/ **Lester J. Nixon**  
Director







LARSON & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
**Utah Association of Counties Insurance Mutual**

We have audited the accompany basic financial statements of **Utah Association of Counties Insurance Mutual** as of December 31, 2002 and 2001, and for the years then ended, listed in the foregoing table of contents. These basic financial statements are the responsibility of the Mutual's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of **Utah Association of Counties Insurance Mutual** as of December 31, 2002 and 2001, and the results of its operations and its cash flow for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, the Mutual adopted Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, in fiscal year 2002, effective January 1, 2001. Accordingly, the fiscal year 2001 basic financial statements have been restated.

The Management's Discussion and Analysis is not a required part of the basic financial statements of the Mutual, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying financial information as listed under the heading of Required Supplementary Information in the accompany table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Mutual, but is supplementary information required by the Governmental Accounting Standards Board.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2003, on our consideration of the Mutual's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

*Larson & Company*

Sandy, Utah  
March 5, 2003



# UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

Statements of Net Assets  
December 31, 2002 and 2001

## ASSETS

	<u>2002</u>	<u>2001</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 10,050,290	\$ 9,658,906
Administration fee reimbursement receivable	124,586	-
Accounts receivable	3,974	315
<b>Total current assets</b>	<u>10,178,850</u>	<u>9,659,221</u>
<b>Total assets</b>	<u>\$ 10,178,850</u>	<u>\$ 9,659,221</u>

## LIABILITIES AND NET ASSETS

<b>Current liabilities:</b>		
Reserves for losses and loss adjustment expenses	\$ 3,286,483	\$ 3,316,660
Accounts payable	1,180	1,130
Pass through premiums	3,974	-
Premiums paid in advance	611,871	648,080
<b>Total current liabilities</b>	<u>3,903,508</u>	<u>3,965,870</u>
<b>Total liabilities</b>	<u>3,903,508</u>	<u>3,965,870</u>
<b>Net assets:</b>		
Contributed capital	2,233,303	2,233,303
Unrestricted	4,042,039	3,460,048
<b>Total net assets</b>	<u>6,275,342</u>	<u>5,693,351</u>
<b>Total liabilities and net assets</b>	<u>\$ 10,178,850</u>	<u>\$ 9,659,221</u>

The accompanying notes to financial statements  
are an integral part of these statements.



# UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

Statements Revenues, Expenses, and Changes in Net Assets  
For the Years Ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
<b>Income:</b>		
Premiums and other considerations	\$ 3,505,736	\$ 3,222,871
Investment income	231,873	432,139
Administration fee reimbursement	124,586	-
Miscellaneous income	<u>5,877</u>	<u>2,268</u>
<b>Total income</b>	<u>3,868,072</u>	<u>3,657,278</u>
<b>Benefits and expenses:</b>		
Losses and loss adjustment expenses	1,516,542	923,902
Reinsurance expense	1,100,244	870,731
Brokerage expenses	80,000	105,000
Administration fees	494,804	446,815
Professional fees	46,182	35,805
Other expenses	<u>48,309</u>	<u>30,834</u>
<b>Total benefits and expenses</b>	<u>3,286,081</u>	<u>2,413,087</u>
<b>Change in net assets</b>	581,991	1,244,191
Net assets, beginning of year	<u>5,693,351</u>	<u>4,449,160</u>
<b>Net assets, end of year</b>	<u><u>\$ 6,275,342</u></u>	<u><u>\$ 5,693,351</u></u>

The accompanying notes to financial statements  
are an integral part of these statements.

# UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

## Statements of Cash Flows

For the Years Ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
<b>Cash flows from operating activities:</b>		
Premiums collected	\$ 3,469,527	\$ 3,614,715
Reinsurance paid	(1,100,244)	(870,731)
Amounts withheld for others	6,192	1,511
Losses and loss adjustment expenses paid	(1,546,719)	(1,355,366)
Operating expenses paid	(669,245)	(647,654)
 <b>Net cash provided by operating activities</b>	 <u>159,511</u>	 <u>742,475</u>
 <b>Cash flows from financing activities:</b>		
Interest on investments	<u>231,873</u>	<u>432,139</u>
 <b>Net cash provided by financing activities</b>	 <u>231,873</u>	 <u>432,139</u>
 <b>Net increase in cash and cash equivalents</b>	 <b>391,384</b>	 <b>1,174,614</b>
 Cash and cash equivalents at beginning of period	 <u>9,658,906</u>	 <u>8,484,292</u>
 <b>Cash and cash equivalents at end of period</b>	 <u><u>\$ 10,050,290</u></u>	 <u><u>\$ 9,658,906</u></u>

The accompanying notes to financial statements  
are an integral part of these statements.

**Reconciliation of change in net assets to net cash used in operating activities:**

Change in net assets	<u>\$ 581,991</u>	<u>\$ 1,244,191</u>
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>		
Interest received on investments	(231,873)	(432,139)
<b>Changes in assets and liabilities:</b>		
(Increase) decrease in accounts receivable	(3,659)	4,722
Increase in administration fees receivable	(124,586)	-
Decrease in prepaid expenses	-	7,000
Decrease in reserves for estimated liabilities	(30,177)	(436,501)
Increase in pass through premium	3,974	-
Increase (decrease) in accounts payable	50	(36,642)
Increase (decrease) in premiums paid in advance	<u>(36,209)</u>	<u>391,844</u>
<b>Total adjustments</b>	<u>(422,480)</u>	<u>(501,716)</u>
<b>Net cash flows provided by operating activities</b>	<u><u>\$ 159,511</u></u>	<u><u>\$ 742,475</u></u>





# UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

## Notes to Statutory Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Operations

Utah Association of Counties Insurance Mutual (the Mutual), was incorporated in December 1991 as a non-profit public agency insurance mutual under the mutual insurance statutes of the State of Utah as a self-insurance program to cover property and liability claims for counties who are members of the Mutual. All of the Mutual's business activities are conducted in the State of Utah.

#### Accounting Principles

These financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP) and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The Mutual adopted Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments* (GASB Statement 34), in fiscal year 2002, effective January 1, 2001. Accordingly, the fiscal year 2001 basic financial statements have been restated to conform to GASB Statement 34. With the implementation of GASB Statement 34, the Mutual has prepared required supplementary information titled 'Management's Discussion and Analysis' which precedes the basic financial statements, has prepared a balance sheet classified between current and noncurrent assets and liabilities, has categorized net assets as invested in capital assets and unrestricted, and has prepared the statements of cash flows on the direct method.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from these estimates.

Significant estimates of the Mutual include the reserves for losses and loss adjustment expenses.

#### Financial Statement Reclassification

Certain amounts in the prior periods presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported changes in net assets.



# UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

## Notes to Statutory Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Mutual considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents. Therefore, the investment in Utah Public Treasurers' Fund and cash on deposit are considered to be cash equivalents.

Cash and cash equivalents at December 31, 2002 and 2001 included the following:

	<u>2002</u>	<u>2001</u>
Cash on deposit	\$ 55,946	\$ 601,408
Utah Public Treasurer's Investment Fund - held by the Mutual	9,994,344	7,057,498
Utah Public Treasurer's Investment Fund - held jointly with the State of Utah	<u>-</u>	<u>2,000,000</u>
<b>Total cash and cash equivalents</b>	<b><u>\$ 10,050,290</u></b>	<b><u>\$ 9,658,906</u></b>

The Mutual is required to follow the requirements of the Utah Money Management Act, Section 57-7, *Utah Code Annotated, 1953*, as amended, in handling its depository and investment transactions. This law requires that investment transactions be conducted through qualified depositories and stipulates the types of securities allowable as acceptable investment transactions. Management believes the Mutual was in compliance with the Utah Money Management Act during the years ended December 31, 2002 and 2001.

#### Reserves for Losses and Loss Adjustment Expenses

The reserves for losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount based on past experience for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes that amounts are adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.



# UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

## Notes to Statutory Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Income Taxes

The Mutual is exempt from the payment of income taxes under Section 115 of the Internal Revenue Code.

#### Premiums

Substantially all policies have a common annual renewal date of January 1. Premiums written are earned on a daily pro rata basis over the policy term.

The Mutual did not have unearned premium as of the years ended December 31, 2002 and 2001, and, as a result, did not establish an unearned premium reserve.

### 2. INVESTMENTS IN UTAH PUBLIC TREASURERS' INVESTMENT FUND (PTIF)

The Public Treasurers' Investment Fund (PTIF) is a pooled investment fund enabling public agencies to benefit from the higher yields offered on large denomination securities. The PTIF is similar in nature to a money market fund, but is subject to the Money Management Act and Rules of the Money Management Council. The PTIF invests in corporate debt, U.S. Agency notes, certificates of deposit and commercial paper. The maximum final maturity of any security invested in by the PTIF is limited to five years. The maximum weighted average life of the portfolio is limited to 90 days. There is no maturity date on an insurer's investment in the PTIF. PTIF deposits are not insured or otherwise guaranteed by the State of Utah. Participants in the PTIF pay an administrative charge on an annual basis based on the average account balance. The PTIF is operated as a service to local governments and does not generate a profit to the Utah State Treasurer. The investment in PTIF totaled **\$9,994,344** and \$9,057,498 for the years ended December 31, 2002 and 2001, respectively.

### 3. NET INVESTMENT INCOME

Due to the nature of investments, there are no direct investment expenses and no general expenses have been allocated to investments in these statements.



# UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

## Notes to Statutory Financial Statements

### 4. RESTRICTED INVESTMENTS

As of December 31, 2001, \$2,000,000 was held jointly with the Utah Insurance Commissioner in the Utah Public Treasurers' Investment Fund. All monies transferred to the Pool are promptly invested in securities authorized by the State Money Management Act. On July 1, 2002, the Utah Insurance Commissioner released the funds back to the Mutual because of the Public Agency Mutual Amendment (Senate Bill 48) signed by the Governor of the State of Utah on March 15, 2002.

### 5. INTEREST RATES

The interest rates for assets held with the Utah Public Treasurers' Investment Fund were 2.06% and 2.55% for the years ended December 31, 2002 and 2001, respectively.

### 6. RELATED PARTY TRANSACTIONS

The Mutual had an agreement with Utah Association of Counties (the Association) to provide administrative services. Administrative expenses included reimbursement of salaries, loss control services and rent of office space under this agreement. Administrative expenses were \$494,804 and \$446,815 for the years ended December 31, 2002 and 2001, respectively.

As of December 31, 2002, amounts receivable from the Association for reimbursement of administrative fees totaled \$124,586.

### 7. CONTINGENCIES

The Mutual is subject to litigation from the settlement of claims contested in the normal course of business. The losses from the actual settlement of such unknown claims are taken into consideration in the computation of the estimated unpaid loss and loss adjustment expense liabilities.





## UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

### Notes to Statutory Financial Statements

#### 8. REINSURANCE

The Mutual has purchased specific and aggregate reinsurance coverage. The agreements provide for liability insurance in excess of a \$250,000 self-insured retention and property and crime insurance in excess of a \$150,000 self-insured retention up to an aggregate loss limit. The Mutual has purchased reinsurance to protect against losses above these limits.

Estimated claims loss liabilities are stated net of estimated losses applicable to reinsurance ceded to other insurance companies. However, the Mutual is contingently liable for those amounts in the event such companies are unable to pay their portion of the claims.

#### Unsecured Reinsurance Recoverables

The Company does not have an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with and individual reinsurers, authorized or unauthorized, that exceeds 3% of the Mutual's policyholder surplus.

#### Reinsurance Recoverable in Dispute

The Company does not have any disputed balances or uncollectible funds.



## **REQUIRED SUPPLEMENTARY INFORMATION**



# UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

## Statement of Revenues, Expenses and Changes in Net Assets - Budget and Actual

For the Year Ended December 31, 2002

	Original Budgeted Amounts	Final Amended Budget	Actual Amounts	Variance
<b>Income:</b>				
Written premium	\$ 3,576,825	\$ 3,612,410	\$ 3,505,736	\$ (106,674)
Investment income	300,000	225,000	231,873	6,873
Administration fee reimbursement	-	-	124,586	124,586
Miscellaneous income	-	-	5,877	5,877
<b>Total income</b>	<u>3,876,825</u>	<u>3,837,410</u>	<u>3,868,072</u>	<u>30,662</u>
<b>Benefits:</b>				
Reinsurance	1,064,659	1,100,244	1,100,244	-
Losses	1,094,593	1,017,475	563,703	453,772
Loss adjustment expenses	988,367	918,732	952,839	(34,107)
<b>Total benefits</b>	<u>3,147,619</u>	<u>3,036,451</u>	<u>2,616,786</u>	<u>419,665</u>
<b>Administration expenses:</b>				
Brokerage commissions	80,000	80,000	80,000	-
Pool administration	494,804	494,804	494,804	-
Professional fees	30,255	47,000	46,182	818
Other expenses	31,300	50,000	48,309	1,691
<b>Total administration expenses</b>	<u>636,359</u>	<u>671,804</u>	<u>669,295</u>	<u>2,509</u>
<b>Change in net assets</b>	92,847	129,155	581,991	452,836
Net assets, beginning of year	<u>5,693,351</u>	<u>5,693,351</u>	<u>5,693,351</u>	<u>-</u>



## UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

### Premiums and Loss Development Information

The following table compares the Mutual's earned revenues net of reinsurance and investment income to related costs of losses and loss adjustment expenses, net of reinsurance, assumed by the Mutual. The table is defined as follows: (1) show each year's net earned premiums, other operating revenues and interest income, (2) shows each year's other operating expenses including overhead and loss adjustment expenses not allocable to specific claims, (3) show incurred losses and allocated loss adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred, (4) shows the cumulative amounts paid as of the end of successive years for each accident year, (5) shows how each coverage year's incurred losses increased or decreased as of the end of the successive years: this annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims, (6) compares the latest reestimated incurred loss amounts to the amounts originally established. Mutual information is only available in the format shown below for the years presented.

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
(1) Earned premiums, other operating operating revenues and investment revenues, net of reinsurance	2,760	2,652	2,891	2,787	2,768
(2) Unallocated expense	215	253	224	224	233
(3) Estimated incurred claims, both paid and accrued, end of accident year	1,558	1,530	1,580	1,715	1,565
(4) Paid (cumulative) as of:					
End of accident year	592	480	334	304	510
One year later	794	744	467	965	-
Two years later	890	931	583	-	-
Three years later	1,176	1,024	-	-	-
Four years later	1,276	-	-	-	-
(5) Reestimated incurred losses and expenses:					
End of accident year	1,558	1,530	1,581	1,714	1,918
One year later	1,558	1,531	1,183	2,054	-
Two years later	1,480	1,530	994	-	-
Three years later	1,395	1,496	-	-	-
Four years later	1,344	-	-	-	-
(6) Increase (decrease) in estimated incurred losses and expenses from end of accident year	(214)	(34)	(587)	340	-





## **OTHER INDEPENDENT AUDITORS' REPORTS**





LARSON & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditors' Report on Compliance and on  
Internal Control Over Financial Reporting Based Upon the Audit Performed in  
Accordance with Government Auditing Standards**

The Board of Directors  
**Utah Association of Counties Insurance Mutual**

We have audited the financial statements of **Utah Association of Counties Insurance Mutual** as of and for the year ended December 31, 2002, and have issued our report thereon dated March 5, 2003.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether **Utah Association of Counties Insurance Mutual's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered **Utah Association of Counties Insurance Mutual's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reported and its operation that we consider to be material weaknesses.



**Utah Association of Counties Insurance Mutual**

March 5, 2003

Page 2

This report is intended solely for the information and use of the board of directors and management of **Utah Association of Counties Insurance Mutual** and the State Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

*Sanson & Company*

Sandy, Utah

March 5, 2003





LARSON & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

### Independent Auditors' Report on State Legal Compliance

The Board of Directors

**Utah Association of Counties Insurance Mutual**

We have audited the financial statements of **Utah Association of Counties Insurance Mutual** as of and for the year ended December 31, 2002, and have issued our report thereon dated March 5, 2003. As part of our audit, we have audited **Utah Association of Counties Insurance Mutual's** compliance with the requirements governing types of services allowed or unallowed; eligibility; matching; level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended December 31, 2002. The Mutual received no funding from major State assistance programs from the State of Utah.

Our audit also included test work on the Mutual's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

- Cash management
- Purchasing requirements
- Budgetary compliance
- Special districts
- Other general issues

The management of **Utah Association of Counties Insurance Mutual** is responsible for the Mutual's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Mutual's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.





The Board of Directors

**Utah Association of Counties Insurance Mutual**

March 5, 2003

Page 2

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, **Utah Association of Counties Insurance Mutual**, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended December 31, 2002.

*Jensen & Company*

Sandy, Utah

March 5, 2003



# MAY 2003 PERSONNEL WORKSHOP

## Evaluation Results

(38 out of 70 responded)

**Overall impression of the workshop.**

<u>Excellent</u>	<u>Very Good</u>	<u>Average</u>	<u>Poor</u>
15	23	0	0

**Overall, how useful were the workshop topics?**

<u>Very Useful</u>	<u>Average Usability</u>	<u>No Use To Me</u>
31	7	0

**Did you like starting the workshop with lunch?**

<u>Very Enjoyable</u>	<u>Either Way</u>	<u>Could Do Without</u>
42	13	0

**How useful was the workshop syllabus?**

<u>Very Useful</u>	<u>Average Usability</u>	<u>No Use To Me</u>	<u>No Handouts</u>
29	9	0	0

**Did you like the format/time schedule of the workshop?**

<u>Yes</u>	<u>No</u>
31	7

**If no, explain what schedule would work better for you.**

Two half-day sessions (3).  
Shorter breaks (2). Shorter lunch and out by 4:00.  
Longer, smaller workshops.  
Ten-hour workshop is too long for one day.

**Did you like/dislike the facility where the workshop was held?**

<u>Like</u>	<u>Dislike</u>	<u>No Response</u>
31	0	7

**Explain why you liked/disliked?**

Convenient, spacious, clean, not crowded, comfortable, good food, excellent location, set-up, service, parking, easy access, plenty of restrooms.

**What did you like best about the workshop?**

Dr. Sandy Petersen (12), everything (4), Jim Smith (2), the comraderie/meeting the county employees with common desires (2), supervisor/helpful information (2), presentations/topics (2), the relaxed atmosphere, the location, the topics, the list of survivors, entertainment during dinner.

**What would you suggest we do differently?**

Golf tournament (5), shorter breaks (4), coffee in the morning (3), first day too long, three or more full days, dinner is not necessary, finish earlier, new location, longer break between meetings and banquet, dinner and entertainment too long, more samples of presentations, have breakouts when topics are not universally useful, too much food, topics not applicable to officer outside personnel, no cards about our favorite songs/no singing (2).

**How would you rank the speakers, topics & handouts?**

Jim Smith, *The "Shock & Awe" of Supervision*  
Linda Baker, *The Nuts & Bolts of Workers Compensation, Plus Current Events*  
Shawn Guzman, *Pre-Employment Testing*  
Lester Nixon, *Health Insurance Portability & Accountability Act (HIPAA)*  
Mark Brady, *Personnel Files: Content, Privacy, Retention*  
Sandy Petersen, *Working with Difficult People: Understanding Yourself & Others*

<u>Speaker</u>	<u>Topics</u>	<u>Handouts</u>	
4.5	4.3	4.3	1 = poor
3.7	3.8	3.7	2 = fair
4.0	3.9	3.5	3 = average
3.7	3.8	3.7	4 = good
4.0	4.0	3.9	5 = excellent
5.0	5.0	4.4	

**How would you rank the entertainer, Rick Brady?**

Good / Excellent (4.6)

**What topics would you like to see at next year's workshop?**

Policy manuals, human behavior, discipline write-ups and procedures, Dr. Sandy Petersen continuation.

**Other location(s) you would like to have the personnel workshop:**

St. George (8), Moab (6), Park City (6), Bryce Canyon (3), Logan (2), Aspen Grove, Davis County, Layton, Perry, Price, Provo, Salt Lake City, Snowbird, Sundance, Zions.



# UAC Insurance Mutual Payments

March 20 - May 7, 2003

Type	Date	Num	Name	Memo	Split	Amount
<b>WF-Expense</b>						
Check	5/22/2003	1966	Larson & Company	Invoice Number: 6701	Accounting	-4,601.70
Check	5/22/2003	1967	VeriClaim, Inc.	Invoice #2420945005	Claims Management	-40,379.67
Check	5/22/2003	1968	Verizon Wireless	Account Number: 1016-10497697	Telephone	-32.85
Check	5/22/2003	1969	Verizon Wireless	Account Number: 1006-10502048	Telephone	-29.53
Check	5/22/2003	1970	TCNS, Inc.	Invoice Number: 1425	Information Technology	-171.50
Check	5/22/2003	1971	Office Depot	Invoice: 197353498-002, 203806741-001	-SPLIT-	-219.35
Check	5/22/2003	1972	Dan McConkie	Mileage Reimbursement	Board Expense	-225.00
Check	5/22/2003	1973	Kay Blackwell	Mileage Reimbursement	Board Expense	-108.00
Check	5/22/2003	1974	Gene Roundy	Mileage Reimbursement	Board Expense	-39.60
Check	5/22/2003	1975	Steve Baker	Mileage/Hotel Reimbursement	-SPLIT-	-385.35
Check	5/22/2003	1976	Steven Wall	Mileage Reimbursement	Board Expense	-121.00
Check	5/22/2003	1977	Lynn Lemon	Mileage Reimbursement	Board Expense	-276.50
Check	5/22/2003	1979	Suiter Axland	Invoice Number: 1262919	-SPLIT-	-190.00
Check	5/22/2003	1980	Jim Smith	Reimbursable Expenses	Loss Control / Training	-130.00
Check	5/22/2003	1981	Arthur J. Gallagher & Co.	Invoice Number: 181939	Boiler & Machinery	-222.00
Check	5/22/2003	1982	Daniels Summit Lodge	Deposit for June 4-6 Retreat	Board Expense	-1,000.00
Check	5/22/2003	1983	PEHP-LTD	Coverage Period: May 2003	Medical	-91.31
Check	5/22/2003	1984	Costco Wholesale Membership	Business Membership	-SPLIT-	-70.00
Check	5/22/2003	1985	TelAmerica	Invoice Number: 1468276	Telephone	-49.89
Check	5/26/2003	VISA	Wells Fargo	Account Number: 4856 2002 0633 9635	-SPLIT-	-244.92
Check	5/26/2003	VISA	Wells Fargo	Account Number: 4856 2002 0633 9635	-SPLIT-	-104.31
Check	5/26/2003	VISA	Wells Fargo	Account Number: 4856 2002 0646 9796	-SPLIT-	-801.05
Check	6/5/2003	1987	Dixie Center	Personnel Workshop, May 8-9	-SPLIT-	-4,961.71
Check	6/5/2003	1988	US District Court	Bar ID: 5591	Dues / Subscriptions	-15.00
Check	6/5/2003	1989	Lester J. Nixon	Reimbursable Expenses	-SPLIT-	-74.04
Check	6/5/2003	1990	Sonya J. White	Reimbursable Expenses	-SPLIT-	-57.87
Check	6/5/2003	1991	Best Western Abbey Inn	Accounts: 100232 and 235005	-SPLIT-	-970.96
Check	6/5/2003	1992	TCNS, Inc.	Invoice Number: 1427	Information Technology	-273.48
Check	6/5/2003	1993	Qwest	Account Number: 801-293-3098-606B	-SPLIT-	-278.04
Check	6/5/2003	1994	Dan McConkie	Mileage Reimbursement	Board Expense	-21.96
Check	6/5/2003	1995	Lynn Lemon	Mileage Reimbursement	Board Expense	-64.80
Check	6/5/2003	1996	Kent Sundberg	Mileage Reimbursement	Board Expense	-36.00
Check	6/5/2003	1997	Gene Roundy	Mileage Reimbursement	Board Expense	-188.64
Total WF-Expense						-56,436.03

**TOTAL**

**-56,436.03**



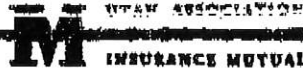
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## FACSIMILE TRANSMITTAL SHEET

TO: Steve Baker, Davis Personnel Director Ken Blachoff, Weber Commissioner Kay Blackwell, Pinte Commissioner Jim Bartley, Washington Commissioner Jerry Groves, Utah Commissioner Lynn Lemon, Cache Executive Don McCorkle, Davis Commissioner Ed Phillips, Millard Sheriff Gene Roundy, Iron Commissioner Kent Sundberg, Utah Deputy Attorney Steve Wall, Sevier Clerk-Auditor	FROM: Sonya White  DATE: 6/26/2003  NUMBER OF PAGES: 2  ATTENTION: Next Board of Trustees Meeting
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☐ URGENT☐ FOR REVIEW☐ PLEASE COMMENT☒ PLEASE REPLY

## NOTES/COMMENTS:

The next UACIM Board of Trustees meeting is scheduled for Thursday, July 17, 2003, 9:00 a.m. in the Training Room of the UAC / UACIM Building (see attached agenda).

Pursuant to the Board adopted *Joint Policy Statement Board Attendance*,

...a Trustee's position may be declared vacant by official action of the respective Board of Trustees when the Trustee has accumulated two consecutive unexcused absences at duly called meetings for which the Trustee has received notification... Excused absences will be granted only with advance notice received by the UACIM Office prior to the Board meeting and approved by formal action of the Board.

Trustees, please sign the appropriate area below and fax back to me.

Board Member's Name

will be in attendance at the July 17 meeting.

*Gene Roundy*  
 Board Member's Name

won't be able to attend the July 17 meeting

because *Will Be in Germany*  
 Reason Unable to Attend





**UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL**  
**ANALYSIS OF LOSS AND LAE RESERVES**  
**AS OF DECEMBER 31, 2002**

**OVERVIEW**

We were requested to perform an analysis of gross and net loss and loss adjustment expense (LAE) reserves for Utah Association Of Counties Insurance Mutual as of December 31, 2002. Our results and analyses are summarized and explained in this report. All reserve calculations are presented in the exhibits that accompany this report.

**LIMITATIONS AND CONDITIONS**

Our loss and LAE reserve estimates are based on generally accepted actuarial methods and include the use of actuarial assumptions and tests of the calculations as we considered necessary. Our estimates make no provision for the extraordinary future emergence of either new classes of losses or post-contractual expansions of policy coverage, nor for extraordinary development of reserves that may have been established specifically for these events. Due to the variability inherent in the estimation procedure, actual loss results may vary, perhaps substantially, from those indicated in our analysis.

We accepted, without audit, the paid and case reserve loss and LAE data provided by the Company. However, we reviewed these for reasonableness and consistency and did not note any unusual values.

**SUMMARY**

A comparison of our selected gross and net reserves with those carried by the Company is shown in the following table:

	<b>Estimated Reserves</b>	<b>Carried Reserves</b>
Net of Reinsurance Loss Reserves	\$ 1,968,732	\$ 1,968,732
Net of Reinsurance LAE Reserves	\$ 1,337,149	\$ 1,337,149
Total Net Reserves	\$ 3,305,882	\$ 3,305,882
 Gross of Reinsurance Loss Reserves	 \$ 2,160,850	 \$ 2,160,850
Gross of Reinsurance LAE Reserves	\$ 1,446,830	\$ 1,446,830
Total Gross Reserves	\$ 3,607,681	\$ 3,607,681

Our reserve estimates are gross of anticipated salvage and subrogation recoveries and are undiscounted. Based on the comparison of estimated and booked reserves, we

*Taylor-Walker & Associates, Inc.*

find the Company's booked gross and net reserves to be within a range of reasonable reserves. Summarized figures are also shown in Exhibit 1.

## BACKGROUND

The Company was formed by Utah counties through an interlocal agreement and began operations on January 1, 1992. The Company provides coverage for the lines of automobile liability, general liability (including law enforcement liability), public officials liability, and property. Coverage for all lines is provided on an occurrence basis with the exception of public officials liability which is provided on a claims-made basis. Policy limits are \$100 million and \$2 million per occurrence for property and liability, respectively. As of December 31, 2002, 25 of 29 Utah counties participate in the program.

The Company's exposure is limited to the following specific and aggregate retention amounts:

Accident Year	Specific Limit Liability & Crime	Specific Limit Property	Aggregate Limit All Lines Combined
1992	\$250,000	\$150,000	\$850,000
1993	\$250,000	\$150,000	\$1,100,000
1994	\$250,000	\$150,000	\$1,350,000
1995	\$250,000	\$150,000	\$2,350,000
1996	\$250,000	\$150,000	\$2,350,000
1997	\$250,000	\$150,000	\$1,475,000
1998	\$250,000	\$150,000	\$1,558,000
1999	\$250,000	\$150,000	\$1,530,000
2000	\$250,000	\$150,000	\$1,580,000
2001	\$250,000	\$150,000	\$1,715,000
2002	\$250,000	\$150,000	\$1,850,000

For accident years 1992 through 1998, coverage in excess of the retention amounts is provided through an excess insurance policy. The Company assisted its insured member counties in obtaining this excess coverage. The excess policy includes as insureds the member counties as well as the Company. The Company acts as the administrator of the policy between the member counties and the excess carrier. In the event that the excess carrier is unable to pay claims, the responsibility for these amounts becomes the responsibility of the member counties and not the Company. Starting in 1999, the coverage in excess of the retention amounts is provided through a reinsurance arrangement.

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For accident years 1992 through 1998, the retention amounts were for loss and allocated loss adjustment expenses (ALAE) combined. For accident years 1999 through 2002, the liability specific retention amount was for loss and ALAE combined whereas for property coverages, the specific retention was for loss only. ALAE for property coverages are shared on a pro-rata basis with the reinsurer.

The total direct and net premiums earned during 2002 were approximately \$3.5 million and \$2.4 million, respectively. All policies have a common expiration date of December 31 of each year.

## ANALYSIS

For our analysis, we combined historical accident year claims experience into three groupings: property, auto liability, and general liability. Specifically, the property grouping included claims for auto physical damage, fire building, fire contents, all risk building, all risk contents, crime, and inland marine. The auto liability grouping included claims for auto bodily injury liability and auto property damage liability. Finally, the general liability grouping included claims for general liability-bodily injury, general liability-property damage, personal injury, law enforcement liability, public officials liability, and liability for civil rights violations.

Data provided for our review were gross of excess coverage and reinsurance, as well as gross of recovered and recoverable salvage and subrogation. Also, data were net of deductibles paid by member counties. We utilized LAE data based on traditional definitions of ALAE and unallocated loss adjustment expenses (ULAE).

For our analysis of loss and ALAE reserves, we applied four actuarial methods to each data grouping. Specifically, we applied paid development, reported development, Bornhuetter-Ferguson paid, and Bornhuetter-Ferguson reported methods. The paid development method projected ultimate losses and ALAE based on historical payment patterns exhibited by the Company. The reported development method projected ultimate losses and ALAE based on historical development patterns of reported amounts. Reported amounts in our study were defined as the combination of loss payments, loss case reserves, and ALAE payments.

The Bornhuetter-Ferguson methods provided alternative estimates of ultimate losses and ALAE in situations where company data may be lacking in volume and history. Specifically, these methods utilize reported-to-date and paid-to-date losses and ALAE but base anticipated future development on expected amounts rather than on reported or paid amounts. Because of this, they tend to stabilize results in situations where paid and reported-to-date amounts are subject to considerable fluctuation. The product of estimated average losses per exposure and the number of exposures provided the initial expected losses and ALAE used in our analyses.

Based on the projections of these four methods, we selected gross ultimate losses and ALAE for each accident year. The effects of specific excess coverage and reinsurance were then removed resulting in projected net ultimate losses and ALAE. Resulting net ultimate estimates for all three data groupings were then combined and capped at aggregate limits applicable to each accident year.

Capped ultimate combined losses and ALAE were allocated to respective loss and ALAE components based on the observed historical relationships of paid ALAE to paid losses. Finally, paid losses and paid ALAE by accident year were subtracted, respectively, from ultimate losses and ultimate ALAE to arrive at loss reserves and ALAE reserves.

Reserve summaries are shown in Exhibit 1. Loss and ALAE reserve calculations for general liability, auto liability, and property are shown in Exhibits 2, 3, and 4, respectively.

We estimated ULAE reserves based on a review of historical paid ULAE amounts by calendar year, projected future ULAE paid amounts by calendar year, and the number of projected claims transactions. Specifically, the estimated future costs per claim transaction were applied to the estimated number of claim transactions for which the Company has responsibility as of year-end 2002. These amounts were totaled to arrive at ULAE reserves applicable to future claims administration activities for claims incurred as of year-end 2002.

To this amount, we added the unpaid ULAE due as of December 31, 2002 for claims administration activities occurring during 2002. In this year's analysis, this amount is \$0. The total of these two amounts constituted the entire estimated ULAE liability as of December 31, 2002. ULAE reserve calculations are shown on Exhibit 5.

## CONCLUSION

We are available to respond to any questions regarding our analyses.

*Taylor - Walker & Associates, Inc.*

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL  
SUMMARY  
LOSS AND LAE RESERVES  
AS OF DECEMBER 31, 2002

<u>Net</u>	<u>TWA Estimate</u>	<u>Company Carried</u>
(1) Loss Reserves:	1,968,732	1,968,732
(2) ALAE Reserves:	1,225,363	1,225,363
<u>(3) ULAE Reserves:</u>	<u>111,786</u>	<u>111,786</u>
Total:	3,305,882	3,305,882

<u>Ceded</u>	<u>TWA Estimate</u>	<u>Company Carried</u>
(4) Loss Reserves:	192,118	192,118
(5) ALAE Reserves:	109,681	109,681
<u>(6) ULAE Reserves:</u>	<u>-</u>	<u>-</u>
Total:	301,799	301,799

<u>Direct and Assumed</u>	<u>TWA Estimate</u>	<u>Company Carried</u>
(7) Loss Reserves:	2,160,850	2,160,850
(8) ALAE Reserves:	1,335,044	1,335,044
<u>(9) ULAE Reserves:</u>	<u>111,786</u>	<u>111,786</u>
Total:	3,607,681	3,607,681

## NOTES:

- (1) = (18) Sheet 2.  
 (2) = (19) Sheet 2.  
 (3) = (6) Exhibit 5, Sheet 1.  
 (4) = (3) Sheet 3 + (14) Sheet 2.  
 (5) = (6) Sheet 3 + (17) Sheet 2.  
 (7) = (1) + (4)  
 (8) = (2) + (5)  
 (9) = (3) + (6)

*Taylor-Walker & Associates, Inc.*

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL  
SUMMARY  
NET LOSS AND ALAE RESERVES  
AS OF DECEMBER 31, 2002

NET ULTIMATE LOSSES AND ALAE & IBNR RESERVES:

Accident Year	Aggregate Limit	Gross Ultimate Loss/ALAE	Sal/Subro Received	Specific Ceded Incurred	Net Ultimate Loss/ALAE	Capped Ult. Loss/ALAE	Capped Ult. Loss	Capped Ult. ALAE	Capped Ult. Loss Reserves	Capped Ult. Total Capped Loss Reserves	Capped Ult. Total Capped ALAE Reserves	Accident Year
1992	850,000	1,318,212	58,616	1,259,596	1,259,596	850,000	408,017	441,983	11,000	27,962	1,225,363	1992
1993	1,100,000	1,646,955	83,004	1,563,952	1,563,952	1,100,000	662,744	437,256	3,691	2,500	2,500	1993
1994	1,350,000	1,527,355	74,443	1,452,912	1,452,912	1,350,000	859,315	490,685	-	-	-	1994
1995	2,350,000	858,892	26,357	832,535	832,535	429,534	403,001	403,001	-	-	-	1995
1996	2,350,000	910,217	26,376	883,841	883,841	457,869	425,973	425,973	11,000	27,962	2,500	1996
1997	1,475,000	1,044,089	8,732	1,035,357	1,035,357	484,866	550,491	550,491	-	-	23,617	1997
1998	1,558,000	1,344,089	92,315	1,251,774	1,251,774	743,069	508,705	476,905	-	-	30,312	1998
1999	1,530,000	1,495,589	32,268	1,463,321	1,463,321	986,416	476,905	476,905	-	-	93,216	1999
2000	1,580,000	994,311	41,175	953,136	953,136	496,251	456,886	456,886	-	-	209,319	2000
2001	1,715,000	2,053,654	50,906	1,923,071	1,923,071	1,715,000	477,963	546,333	84,031	255,201	202,423	2001
2002	1,850,000	1,917,665	12,177	1,905,487	1,905,487	1,850,000	654,931	768,935	22,409	583,235	546,333	2002
Total	17,708,000	15,111,029	506,369	14,524,982	13,284,965	7,960,187	5,324,778	1,728,078	1,968,732	27,962	1,225,363	Total
									(17)	(18)	(19)	
									ALAE	Total Capped Loss Reserves	Total Capped ALAE Reserves	
									Capped IBNR	Capped IBNR	Capped IBNR	
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NOTES:

Gross = Gross of salvage & subrogation received, gross of specific reinsurance, gross of aggregate reinsurance.  
Net = Net of salvage & subrogation received, net of specific reinsurance, gross of aggregate reinsurance.  
Capped = Net of salvage & subrogation received, net of specific reinsurance, net of aggregate reinsurance.

(1) Provided by company.  
(2) See Exhibits 2, 3, and 4. [1997 amount adjusted for excess coverage.]  
(3) - (4) Provided by company.

(5) = (2) - (3) - (4).  
(6) = Minimum of (1) and (5).  
(7) = (11) Sheet 4 + (18) Sheet 3 + (13).  
(8) = (6) - (7).  
(9) = (10) for Accident Years 1992-1998.  
(10) = (5) - (13) Sheet 3 for Accident Years 1999 and 2000.

(11) = (9) - (10).  
(12) = [(10) Sheet 3 / (13) Sheet 3] X (9).  
(13) = [(10) Sheet 3 / (13) Sheet 3] X (10).  
(14) = (12) - (13).  
(15) = (9) - (12).  
(16) = (10) - (13).  
(17) = (11) - (14).  
(18) = (13) + (18) Sheet 3.  
(19) = (15) + (19) Sheet 3.

Taylor - Walker & Associates, Inc.

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL  
SUMMARY  
NET LOSS AND ALAE RESERVES  
AS OF DECEMBER 31, 2002

## NET REPORTED LOSSES AND ALAE &amp; CASE RESERVES:

Accident Year	(1) Aggregate Limit	(2) Gross Case Loss	(3) Specific Ceded Case Loss	(4) Net Case Loss	(5) Gross Case ALAE	(6) Specific Ceded Case ALAE	(7) Net Case ALAE	(8) Net Case Total	(9) Gross Reported Loss	(10) Net Reported Loss
1992	850,000	-	-	-	-	-	-	-	663,248	604,632
1993	1,100,000	-	-	-	-	-	-	-	1,025,276	942,272
1994	1,350,000	-	-	-	-	-	-	-	999,264	924,821
1995	2,350,000	11,000	-	11,000	27,962	-	27,962	38,962	455,891	429,534
1996	2,350,000	-	-	-	-	-	-	-	480,554	454,178
1997	1,475,000	20,000	-	20,000	23,409	-	23,409	43,409	493,292	484,560
1998	1,558,000	31,000	-	31,000	25,924	-	25,924	56,924	828,907	736,592
1999	1,530,000	353,000	-	353,000	75,896	-	75,896	428,896	993,117	960,849
2000	1,580,000	130,100	-	130,100	160,324	-	160,324	290,424	465,103	423,928
2001	1,715,000	433,484	35,000	398,484	158,281	3,241	155,040	553,524	1,175,094	1,089,188
2002	1,850,000	152,086	-	152,086	165,350	-	165,350	317,435	590,398	578,220
Total	17,708,000	1,130,670	35,000	1,095,670	637,146	3,241	633,906	1,729,576	8,170,143	7,628,774

Accident Year	(11) Gross Reported ALAE	(12) Net Reported ALAE	(13) Net Reported Total	(14) Capped Reported Total	(15) Capped Reported Loss	(16) Capped Reported ALAE	(17) Capped Case Total	(18) Capped Case Loss	(19) Capped Case ALAE
1992	654,964	654,964	1,259,596	850,000	408,017	441,983	-	-	-
1993	621,679	621,679	1,563,952	1,100,000	662,744	437,256	-	-	-
1994	528,090	528,090	1,452,912	1,350,000	859,315	490,685	-	-	-
1995	403,001	403,001	832,535	832,535	429,534	403,001	38,962	11,000	27,962
1996	423,472	423,472	877,651	877,651	454,178	423,472	-	-	-
1997	550,283	550,283	1,034,843	1,034,843	484,560	550,283	43,409	20,000	23,409
1998	504,317	504,317	1,240,909	1,240,909	736,592	504,317	56,924	31,000	25,924
1999	459,585	459,585	1,420,434	1,420,434	960,849	459,585	428,896	353,000	75,896
2000	407,890	407,890	831,819	831,819	423,928	407,890	290,424	130,100	160,324
2001	381,043	377,802	1,466,990	1,466,990	1,089,188	377,802	553,524	398,484	155,040
2002	237,045	237,045	815,265	815,265	578,220	237,045	317,435	152,086	165,350
Total	5,171,371	5,168,130	12,796,904	11,820,445	7,087,125	4,733,320	1,729,576	1,095,670	633,906

## NOTES:

Gross = Gross of salvage &amp; subrogation received, gross of specific reinsurance, gross of aggregate reinsurance.

Net = Net of salvage &amp; subrogation received, net of specific reinsurance, gross of aggregate reinsurance.

Capped = Net of salvage &amp; subrogation received, net of specific reinsurance, net of aggregate reinsurance.

(1) - (3) Provided by company. [1997 amount in (2) adjusted for excess coverage.]

(4) = (2) - (3).

(5) - (6) Provided by company. [1997 amount in (5) adjusted for excess coverage.]

(7) = (5) + (6).

(8) = (4) + (7).

(9) = (2) Sheet 4 + (2).

(10) = (5) Sheet 4 + (4).

(11) = (6) Sheet 4 + (5).

(12) = (8) Sheet 4 + (7).

(13) = (10) + (12).

(14) = Minimum of (1) and (13).

(15) = [(10) / (13)] X (14).

(16) = (14) - (15).

(17) = (14) - (10) Sheet 4.

(18) = (17) - (19).

(19) = Maximum of zero and [(16) - (12) Sheet 4].

*Taylor-Walker & Associates, Inc.*



UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL  
SUMMARY  
NET LOSS AND ALAE RESERVES  
AS OF DECEMBER 31, 2002

NET PAID LOSSES AND ALAE:

Accident Year	Aggregate Limit	Gross Paid Losses	Sal/Subro Received	Specific Reins. Loss Rec.	Net Paid Losses	Gross Paid ALAE
(1)	(2)	(3)	(4)	(5)	(6)	
1992	850,000	663,248	58,616	604,632	654,964	654,964
1993	1,100,000	1,025,276	83,004	942,272	621,679	621,679
1994	1,350,000	999,264	74,443	924,821	528,090	528,090
1995	2,350,000	444,891	26,357	418,534	375,039	375,039
1996	2,350,000	480,554	26,376	454,178	423,472	423,472
1997	1,475,000	473,292	8,732	464,560	526,874	526,874
1998	1,558,000	797,907	92,315	705,592	478,393	478,393
1999	1,530,000	640,117	32,268	607,849	383,689	383,689
2000	1,580,000	335,003	41,175	293,828	247,566	247,566
2001	1,715,000	741,609	50,906	690,704	222,762	222,762
2002	1,850,000	438,312	12,177	426,135	71,695	71,695
Total	17,708,000	7,039,473	506,369	6,533,104	4,534,225	4,534,225

Accident Year	Specific Reins. ALAE Rec.	Net Paid ALAE	Net Paid Total	Capped Paid Total	Capped Paid Losses	Capped Paid ALAE
(7)	(8)	(9)	(10)	(11)	(12)	
1992	1,259,596	850,000	408,017	441,983	437,256	441,983
1993	1,563,952	1,100,000	662,744	490,685	490,685	490,685
1994	1,452,912	1,350,000	859,315	418,534	375,039	418,534
1995	793,573	877,651	454,178	423,472	423,472	454,178
1996	877,651	991,434	464,560	526,874	526,874	464,560
1997	991,434	1,183,985	705,592	478,393	478,393	705,592
1998	478,393	1,183,985	607,849	383,689	383,689	607,849
1999	383,689	991,538	293,828	247,566	247,566	293,828
2000	541,394	913,466	690,704	222,762	222,762	690,704
2001	71,695	497,830	426,135	71,695	71,695	426,135
2002	4,534,225	11,067,329	10,090,870	5,991,455	4,099,414	5,991,455
Total	-	11,067,329	10,090,870	5,991,455	4,099,414	11,067,329

NOTES:  
Gross = Gross of salvage & subrogation received, gross of specific reinsurance, gross of aggregate reinsurance.  
Net = Net of salvage & subrogation received, net of specific reinsurance, gross of aggregate reinsurance.  
Capped = Net of salvage & subrogation received, net of specific reinsurance, net of aggregate reinsurance.  
(1) Provided by company.  
(2) See Sheet 6, (1997 amount adjusted for excess coverage).  
(3) Provided by company.  
(4) Provided by company.  
(5) = (2) - (3) - (4).  
(6) See Sheet 6, (1997 amount adjusted for excess coverage).  
(7) Provided by company.  
(8) = (6) - (7).  
(9) = (5) + (8).  
(10) = Minimum of (1) and (9).  
(11) = [(5) / (9)] X (10).  
(12) = (10) - (11).

Taylor-Walker & Associates, Inc.



UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL  
ALL LINES  
PAID ALAE / PAID LOSS DEVELOPMENT  
AS OF DECEMBER 31, 2002

Accident Year	12	24	36	48	Months of Development						Projected Ultimate
					60	72	84	96	108	120	132
1992					0.793	0.838	0.929	0.984	0.988	0.988	0.988
1993				0.501	0.594	0.601	0.601	0.606	0.606	0.606	
1994			0.254	0.386	0.437	0.478	0.528	0.528	0.528		
1995		0.287	0.548	0.695	0.794	0.803	0.818	0.843			
1996	0.158	0.514	0.744	0.872	0.858	0.875	0.881				
1997	0.060	0.251	0.670	0.869	0.988	1.154					
1998	0.068	0.166	0.277	0.553	0.600						
1999	0.074	0.198	0.460	0.599							
2000	0.224	0.442	0.739								
2001	0.046	0.300									
2002	0.164										
Average											0.998
Selected											0.998

Accident Year	12-24	24-36	36-48	48-60	Development Factors						
					60-72	72-84	84-96	96-108	108-120	120-132	132-ULT
1992					1.057	1.108	1.059	1.004	1.000	1.000	
1993				1.186	1.012	1.000	1.009	1.000	1.000		
1994			1.518	1.133	1.094	1.106	1.000	1.000			
1995		1.912	1.268	1.142	1.012	1.019	1.030				
1996	3.246	1.447	1.171	0.984	1.020	1.007					
1997	4.187	2.668	1.296	1.137	1.169						
1998	2.462	1.669	1.994	1.084							
1999	2.689	2.322	1.303								
2000	1.970	1.673									
2001	6.558										
Average	3.519	1.948	1.425	1.111	1.061	1.048	1.025	1.001	1.000	1.000	
Weighted Average	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
Average Omit Hi/Low Industry	3.146	1.894	1.346	1.124	1.046	1.044	1.020	1.000	NA	NA	
	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
Selected	3.519	1.948	1.425	1.111	1.061	1.030	1.020	1.010	1.010	1.000	1.000
Cumulative	12.340	3.507	1.800	1.263	1.137	1.072	1.041	1.020	1.010	1.000	1.000
Interpolated	12.340	3.507	1.800	1.263	1.137	1.072	1.041	1.020	1.010	1.000	1.000

*Taylor-Walker & Associates, Inc.*

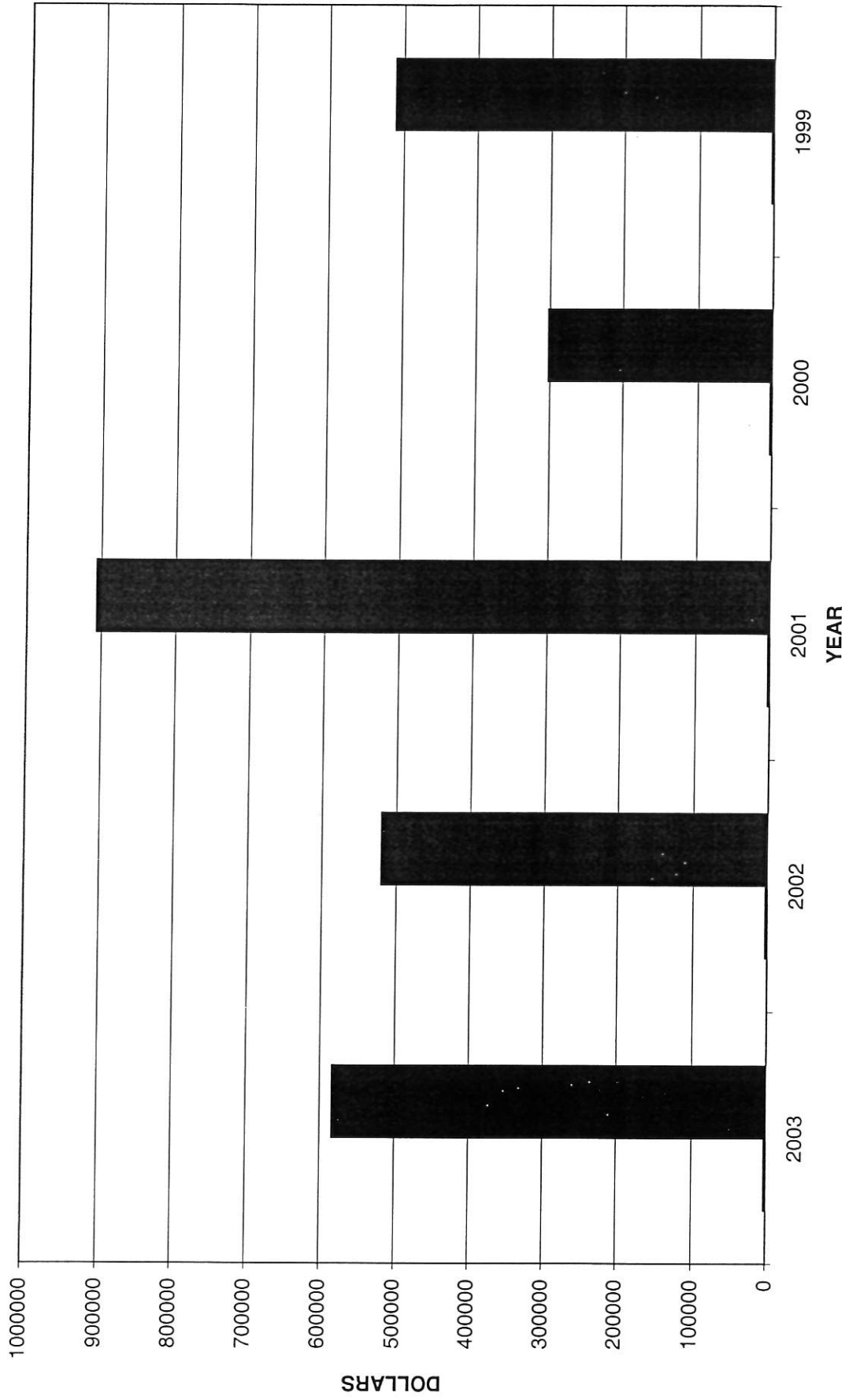
UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL  
ALL LINES  
PAID LOSSES AND ALAE  
AS OF DECEMBER 31, 2002

Unlimited Paid ALAE (All Lines)									
Accident	Year	12	24	36	48	60	72	84	96
Months of Development									
1992	523,787	556,133	615,954	652,431	654,964	621,679	621,679	654,964	654,964
1993	583,942	608,941	616,157	621,679	654,964	621,679	621,679	654,964	654,964
1994	443,098	583,942	608,941	616,157	621,679	621,679	621,679	654,964	654,964
1995	205,776	350,392	433,106	477,634	528,090	528,090	528,090	528,090	528,090
1996	187,991	256,619	347,081	423,472	528,090	528,090	528,090	528,090	528,090
1997	91,207	187,991	256,619	347,081	423,472	528,090	528,090	528,090	528,090
1998	39,176	160,206	343,895	408,291	415,317	467,489	546,271	423,472	423,472
1999	113,162	193,222	418,657	478,393	467,489	546,271	423,472	423,472	423,472
2000	32,929	123,056	293,251	383,689	467,489	546,271	423,472	423,472	423,472
2001	22,082	143,281	247,566	383,689	467,489	546,271	423,472	423,472	423,472
2002	71,695	222,762	247,566	383,689	467,489	546,271	423,472	423,472	423,472

Unlimited Paid Losses (All Lines)									
Accident	Year	12	24	36	48	60	72	84	96
Months of Development									
1992	660,248	983,726	1,013,226	1,025,226	1,025,226	1,025,226	1,025,226	1,025,226	1,025,226
1993	885,226	991,264	991,264	991,264	991,264	991,264	991,264	991,264	991,264
1994	908,764	991,264	991,264	991,264	991,264	991,264	991,264	991,264	991,264
1995	810,295	908,764	991,264	991,264	991,264	991,264	991,264	991,264	991,264
1996	343,101	369,460	462,009	468,307	483,909	483,909	483,909	483,909	483,909
1997	318,299	369,460	462,009	468,307	483,909	483,909	483,909	483,909	483,909
1998	311,425	369,460	462,009	468,307	483,909	483,909	483,909	483,909	483,909
1999	411,459	462,009	468,307	483,909	483,909	483,909	483,909	483,909	483,909
2000	446,955	462,009	468,307	483,909	483,909	483,909	483,909	483,909	483,909
2001	482,106	462,009	468,307	483,909	483,909	483,909	483,909	483,909	483,909
2002	438,312	462,009	468,307	483,909	483,909	483,909	483,909	483,909	483,909

Taylor-Walker & Associates, Inc.

SEVERITY THROUGH JUNE 1999-2003





## LOSS BY COUNTY--2003 THROUGH JUNE.

COUNTY	LOSS	CAUSE	DEPARTMENT—LOSS
DAVIS	90,348	MOBILE EQP FIRE	PUBLIC WORKS— 45,000
EMERY	183,375	HEADON COLLISION	SHERIFF 181,000
SAN JUAN	27,000	ROLLOVER	PUBLIC WORKS—22,000
UINTAH	21,000	CIVIL RIGHTS—ARREST	SHERIFF 16,000
UTAH	45,571	VEHICLE ACCIDENT	SHERIFF 25,000
WASATCH	55,000	PLANNING AND ZONING	ADMINIST—50,000
WASHGTON	47,000	WIND DAMAGE	PROPERTY—20,000
WEBER	53,000	COLLISION	SHERIFF—20,000

